

Top Secret 219

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday 29 April 1978 CG NIDC 78/100C

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed

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National Intelligence Daily Cable for Saturday, 29 April 1978.

The NID Cable is for the purpose of informing senior US officials.

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AFGHANISTAN: Situation Report

- 25X1 [] *The coup against the Daoud regime in Afghanistan seems to have succeeded, at least in the capital. Kabul was relatively quiet yesterday afternoon; troops supporting the new government apparently were mopping up dwindling pockets of resistance. //Still-fragmentary reporting indicates that casualties were heavy in the city and many government buildings were damaged or destroyed. There appears to be little doubt that President Daoud has been killed.//*
- 25X1 [] The membership of the new ruling military council has not yet been revealed. The spokesman for--and possibly chairman of--the council, Lt. Col. Abdul Qadir, has been named Chief of the Defense Force, according to Radio Kabul.
- 25X1 [] The council has announced that the constitution has been abrogated and that the country will be ruled by military decree. All public meetings are banned, citizens of the capital have been instructed to return to their jobs today, and government officials and military officers have been warned to report promptly to swear allegiance to the new regime.
- 25X1 [] We lack information on the situation outside Kabul. The new government reports that all military and air units have joined the revolution, but we have no confirmation of this claim. At the time the coup was launched, Daoud's nephew was in command of an army corps in the southwestern city of Kandahar; this city, moreover, is in the area of the Durani tribe, which until now has furnished all of Afghanistan's rulers for the past 200 years. The fate of the unit and of its commander are unknown.
- 25X1 [] There have been no reports yet of reactions from the extremely conservative religious leaders in the provinces. Many of them exert great influence over the rural population and have frequently been at odds with Daoud over his attempts to modernize Afghanistan. Most are fanatically anti-Communist.
- 25X1 [] The new government seems to have recognized the dangers of stimulating such conservative opposition. It has issued bland pronouncements on its ideology and program, emphasizing Islam and nationalism. //If the new leaders are

confirmed leftists, as appears probable, // they will almost certainly soft-pedal any leftwing rhetoric until they consider the country to be safely under their control.

25X1 [] So far, there have been no strong reactions to the events in Kabul from Afghanistan's neighbors. The Soviets have printed straight news accounts of the coup and have issued no commentary. In Iran, the Shah appears resigned to the probability that he will have to deal with a leftist government on his eastern border. So far, he has refrained from any public comment on the coup. The Pakistani press has simply repeated news stories out of Kabul. []

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LEBANON: Forming A New Government

25X1 [] //The Lebanese Parliament on Thursday approved a declaration of principles that may serve as a preliminary consensus around which a new cabinet can be formed, and former Prime Minister Huss has been asked to put together a new government. The declaration is ambiguous, however, and possibly contradictory. //

25X1 [] //The declaration calls for actions that are largely outside Lebanese control and have little chance of being carried out in the near future. Its passage may help Huss put together a broadly based political cabinet, but it will do little to help the cabinet function afterwards. //

25X1 [] //The most ambiguous aspect of the declaration concerns its call for control of Palestinian activity within Lebanon. A central provision says flatly that "all Palestinian and other armed action throughout Lebanese territory must be halted." As initially passed by a preliminary parliamentary committee earlier this week, this part of the declaration had been heralded as a major victory for the Christians. //

25X1 [] //The declaration actually passed, however, included a prologue reaffirming earlier pan-Arab agreements that guarantee the Palestinians significant freedom of action in southern Lebanon, specifically including the right to bear arms against Israel. //

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[redacted] //Lebanese Christians had been arguing that the Israeli invasion of the south nullified these agreements, and the Christians presumably still adhere to that stand. Various leftist groups, however, have made their support of the declaration contingent on acceptance of the prologue as an integral part. As a result, the declaration is not so much a starting point for national reconciliation as it is a way of papering over serious national rifts.//

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[redacted] //The declaration nonetheless may serve a useful function. Besides serving as the basis for the formation of a government that reflects various political views, it also seems to have helped reduce the tension generated earlier this month by Muslim-Christian and Syrian-Christian clashes.//

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[redacted] //Other provisions of the declaration include a call for Israeli withdrawal and the restoration of the Lebanese Government's authority in the south--something Lebanon is powerless to implement. It also states that the Lebanese Army must be rebuilt on a "sound and correct national basis." This statement presumably reflects Muslim concerns that the Army now being reconstituted is dominated by Christians, but it is vague enough to be unobjectionable to all sides. [redacted]

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USSR: Tlatelolco Treaty

25X1 [] Soviet President Brezhnev will probably sign Protocol II of the Tlatelolco Treaty, which establishes a nuclear free zone in Latin America, during Mexican President Lopez Portillo's visit to Moscow in mid-May. The US, the UK, France, and China have already signed this protocol.

25X1 [] Protocol II obliges nuclear-weapons states to respect the denuclearized status of the zone and not to use or threaten to use nuclear weapons against the contracting parties.

25X1 [] Soviet adherence to the protocol probably would be intended to dramatize Moscow's role as a proponent of disarmament issues on the eve of the UN Special Session on Disarmament. Signing the protocol could also give the USSR a stronger basis for objecting to transit of the Panama Canal by US ships carrying nuclear weapons.

25X1 [] The Soviets probably consulted the Cubans before deciding to sign the protocol--perhaps during Cuban Foreign Minister Malmierca's visit to the USSR last week. Cuba has not signed the treaty because of what it terms "longstanding problems with the US." []

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USSR: New Advanced Computers

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[REDACTED] //The Soviets have announced that they have developed two new large-scale, high-speed scientific computers. The announcement, in a Pravda article early this month, indicates that the USSR has made a strong commitment to producing these computers. Advanced computer developments are classified in the USSR, and public announcements have been made in the past only when the Soviets have had or were very close to having operational models.//

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[REDACTED] //The two new machines--the Elbrus-1 and Elbrus-2, previously referred to as VS-1 and VS-2--are comparable, in computational capabilities, to some of the largest US computer systems available commercially. The Elbrus-1 has been fabricated for testing, and a well-developed prototype of the much faster Elbrus-2 probably also exists. The machines are being developed by the same group that produced the BESM-6, which has been the workhorse of Soviet large-scale scientific computers since the mid-1960s.//

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[REDACTED] //Unlike such general-purpose computers as the Soviets' Ryad models, large-scale scientific computers are not intended to be produced in large numbers. Because of their size, design, high performance, and cost, their application is limited to complex military and technological problems in such areas as air defense, nuclear weapons design, aircraft design, seismic analysis, and long-range weather forecasting.

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[REDACTED]

SOUTH KOREA: Better Credit Terms

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[REDACTED] South Korea's strong economic performance and bright financial prospects have substantially improved the credit terms it has been offered for overseas borrowing. Seoul has recently negotiated two major Eurodollar loans with interest

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rates sharply lower and maturities longer than any it has obtained in the past. With excess liquidity in international capital markets, the loans reportedly have been quickly subscribed despite the lower rate of return. The planned withdrawal of US ground troops from South Korea appears to have had little effect on the negotiations.

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[] The Pohang Iron and Steel Company obtained one of the loans. This was a \$100 million, seven-year credit with an interest rate 1.375 percent above the London Interbank Offered Rate--the rate paid by bankers when borrowing from each other. In addition to the favorable terms, the loan did not require a government guarantee and was the first Eurodollar credit in which Korean banks participated as comanagers.

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[] An even more noteworthy credit--for \$300 million--is being arranged by several major US banks for the Korea Development Bank and the Korea Exchange Bank. This loan--to be used to finance development projects--reportedly will have a 10-year maturity and carry a .875 percent margin over the bankers' rate, the most favorable terms South Korea has ever received.

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BRIEFS

Rhodesia

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[] The black co-minister for justice in Rhodesia's bi-racial interim ministerial council, Byron Hove, was dismissed from his post yesterday by the executive council, according to an announcement from Salisbury. The executive council consists of Prime Minister Smith and the three black nationalist leaders--Abel Muzorewa, Ndabaningi Sithole, and Jeremiah Chirau--who signed an internal settlement agreement with Smith last month.

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[] Hove was dismissed as a result of a dispute with his white counterpart over white dominance of the police force. He had been appointed to the council by Muzorewa, who could have vetoed his dismissal since all executive council decisions must be made by consensus. Smith and the white ministers on the ministerial council probably convinced the blacks that

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Hove's dismissal was necessary to maintain the confidence of Rhodesia's whites--a point Smith has used with good effect in the past in bargaining with the nationalists. [REDACTED]

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China-US

[REDACTED] Peking has officially nominated Chai Tse-min, currently its Ambassador to Thailand, as the new head of the Chinese Liaison Office in Washington. The post has been vacant since Huang Chen returned home in November to become Minister of Culture.

[REDACTED] Chai served previously as Ambassador to Hungary, Guinea, and Egypt and as the president of Peking's Association for Friendship with Foreign Countries. He has the reputation of being a confident and realistic diplomat. With Chai as head of the Liaison Office, Peking will again have two ambassadorial-level representatives in Washington: the deputy head of the Liaison Office, Han Hsu, also holds the rank of ambassador.

Portugal

[REDACTED] Portugal and the International Monetary Fund have agreed on terms for a \$50 million loan after months of negotiations. The accord means Portugal will get a major portion of the \$750 million in credits pledged to it by a group of foreign governments. It will also greatly improve the country's chances of refinancing a major part of its short-term debt. The agreement calls for stiff restrictions on credit and an immediate 5-percent devaluation of the escudo, followed by additional monthly devaluations of 1.2 percent through next April. [REDACTED]

Romania

[REDACTED] President Ceausescu will begin a two-week tour of Asian Communist countries on 15 May. Foreign Minister Andrei told the US Ambassador to Romania on Wednesday that Ceausescu will visit China, North Korea, Vietnam, Laos, and Cambodia. He is expected to return to Bucharest on 31 May.

25X1 [] The China trip, which has been expected for some time, is intended in part to balance Ceausescu's visit to the US earlier this month; the Romanians customarily try to maintain a balance in their relations with all the important powers.

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25X1 [] While in Vietnam and Cambodia, Ceausescu may try to act as a conciliator in the conflict between those countries. []

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Bulgaria

25X1 [] A reshuffle of Bulgarian Government and Central Committee officials yesterday reflects a belated attempt to strengthen the management of agriculture. Minister of Agriculture Gancho Krustev and Deputy Premier Mako Dakov were fired. Dakov, a former Minister of Forestry, was reported to have been responsible for the supervision of the agricultural sector in the Council of Ministers. The head of the Central Committee's department for agriculture also was dismissed.

25X1 [] Bulgaria's harvest in 1977 fell far short of planned targets, mainly because of a summer drought. Agricultural exports to the West are an important source of the country's hard currency earnings. []

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